

EXHIBIT I

HEARING OF THE HOUSE COMMITTEE ON THE JUDICIARY

SUBJECT: FBI OVERSIGHT

CHAIRED BY: REP. JOHN CONYERS

(D-MI)

WITNESS: ROBERT MUELLER,

DIRECTOR, FBI

2141 RAYBURN HOUSE OFFICE BUILDING, WASHINGTON, D.C.

1:34 P.M. EDT, THURSDAY, JULY 26, 2007

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your agents were prepared to resign because of -- leading up to controversy?

MR. MUELLER: Again, I'm uncomfortable getting into conversations I had with individuals because I do believe that individuals are entitled to my unfettered thoughts --

REP. WATT: Can you confirm that you had some serious reservations about the warrantless wiretapping program that kind of led up to this?

MR. MUELLER: Yes.

REP. WATT: Okay.

I thank the chairman, and I yield back.

REP. CONYERS: Thank you.

Now, Howard Coble of -- (short pause) -- South Carolina? --

REP. HOWARD COBLE (R-NC): North.

REP. CONYERS: -- North Carolina, former chairman of the Patent and Copyright Committee, now the ranking member, is recognized.

REP. COBLE: Thank you, Mr. Chairman. Mr. Mueller, good to have you with us. Thank you for your years of public service.

I'm going to ask you a provincial question. Tobacco being prominent in my state, have there been recent arrests regarding the trafficking of counterfeit cigarettes by terrorist groups?

MR. MUELLER: I would have to check on the recency. There was one notable case from several years ago with Hezbollah in which I know cigarettes were being shipped from North Carolina to, if I'm not mistaken, it was Detroit, and there was substantial prosecution. I would have to check to determine whether any additional prosecution since then.

(Off-mike conferrals.)

MR. MUELLER: There -- the discussion was that there had been a prior discussion about an NSA program and that the attorney general deferred to Mr. Comey as the person to make whatever decision was to be made.

REP. COHEN: And he had confidence in Mr. Comey, I take it?

MR. MUELLER: Yes.

REP. COHEN: Okay.

At some point or another, I think you told maybe Mr. Watt that you felt that there were problems with some of the operations there, the wiretaps.

MR. MUELLER: At a point in time in conversations with Mr. Comey, I had -- understand the Department of Justice had some concerns about the legality of an NSA program. That affected the FBI in the sense that we received pieces of information from the NSA.

My purpose was to determine that whatever we did as the bureau in handling that was done according to the directive and the appropriate directive of the Department of Justice. So my concern was to assure that whatever activity we undertook as a result of the information we received was done appropriately and legally.

At some point in time, he expressed concern about the legality of it.

REP. COHEN: And because of that concern, at some point did you express to Mr. Watt -- I was believe that was correct -- earlier that you considered resignation?

MR. MUELLER: I don't believe I expressed that. I did not dispute what Mr. Comey had said, but again, I -- in this area, I would say that I should not get into the conversations I had with individuals.

And I know there's been an incredible amount of discussion going around the Terrorist Surveillance Program. But given the fact that it's now under FISA, can you tell us is it working, is it something that is an effective tool, notwithstanding the fact that probably every terrorist in the galaxy knows about the conversations that we have now?

MR. MUELLER: Well, I think probably my answer would have to come in some form of classified setting.

But generally I can say that leads we have received from an NSA program have been helpful in the war on terror, yes.

REP. FRANKS: The administration has recently submitted proposals to reform FISA. And do you think that those reforms are necessary and that they will help you do your job?

MR. MUELLER: Yes. It would help not just the FBI, but operating together with NSA, the CIA, the DIA, all of whom -- all of us share the same responsibility to protect the homeland. And what is proposed in the revision of the FISA statute would help all of us.

REP. FRANKS: Well, without touching on anything that could be of a disadvantage to the country, what do you consider your greatest concern, the greatest gap that you have in terms of being able to assess and predict or prevent the terrorist challenge that we face in the homeland itself?

MR. MUELLER: I think we have made substantial strides since September 11th in terms of breaking down the walls between the various entities in the intelligence community. We do a far more -- a far better job not only within the United States but ourselves as an intelligence community, and I consider us an intelligence community, working together with our counterparts overseas.

The gaps come, I believe, in -- and it's gaps that I believe that my counterparts at the CIA or ODNI would also focus upon, and that is the threats of terrorists having the opportunity to train, to plan, to coordinate in a sanctuary around the world, whether it be in Waziristan or the Horn of Africa or elsewhere, and we cannot let that happen.

Secondly, it's important to understand that al Qaeda is intent on attacking in the United States and finding ways to infiltrate individuals in the United States, often through countries that do not have the same

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